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By Nina L. McNeill

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re application of:

Mark Thompson

Application No.: 09/965,667

Filed: September 26, 2001

For: SYSTEMS AND METHODS TO FACILITATE PAYMENT FOR SHIPPED GOODS

Examiner: Patel, Jagdish

Art Unit: 3624

APPEAL BRIEF UNDER 37 CFR §41.37

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Sir:

Appellant offers this Brief further to the Notice of Appeal mailed concurrently herewith.

1. Real Parties in Interest

The real party in interest is First Data Corporation.

2. Related Appeals and Interferences

No prior or pending appeals, interferences, or judicial proceedings are known that are related to, will directly affect, will be directly affected by, or have a bearing on the Board decision in this appeal.

3. Status of Claims

Claims 1 – 5, 11 – 17, and 19 – 24 are currently pending in the Office Action. All the claims stand rejected pursuant to a Final Office Action mailed February 10, 2004 (paper no. 13, hereinafter "the Final Office Action").

Claims 6 – 10 and 18 were canceled, and Claims 1 – 5, 11 – 14, 16, 17, 23, and 24 were amended, during prosecution. The rejections of all the claims are believed to be improper and are the subject of this appeal. A copy of the claims as rejected is attached as an Appendix.

4. Status of Amendments

No amendments have been filed subsequent to the final rejection mailed February 10, 2004 (paper no. 13).

5. Summary of Claimed Subject Matter

In some embodiments, the invention relates to methods and systems for managing a noncredit transaction for a sale of goods between a customer and an Internet merchant. These embodiments make use of a geographical distribution of provider offices in such a fashion that a customer may purchase goods over the Internet without having to use a credit instrument (Application, p. 2, ll. 23 – 25). While Internet transactions are frequently performed using a credit card, there are valid reasons for both customers and merchants to prefer that the transaction not be a credit transaction. One reason that customers have for wishing not to

provide credit information, particularly if they have little experience with the Internet merchant, is the danger of interception and fraudulent use of the credit-card information (*id.*, p. 1, l. 30 – p. 2, l. 1). In the case of the merchant, the reluctance to make credit transactions is often a consequence of uncertainty that funds will be recovered in the case of international shipments.

These issues are addressed in embodiments of the invention with the plurality of geographically distributed provider offices, permitting a sale of goods to take place between an Internet provider and a customer without the need for providing credit-card information. The plurality of provider offices are affiliated with a provider that manages the transaction and provides security both to the merchant and to the customer (*id.*, p. 4, ll. 15 – 17). When a customer wishes to purchase goods from an Internet merchant, the customer orders the goods, such as from a web site maintained by the Internet merchant or by the provider (*id.*, p. 7, l. 32 – p. 8, l. 4). To make a noncredit payment for the goods, the fact that there are geographically distributed provider offices permits the customer to make a physical visit to one of the offices and make payment at that provider office (*id.*, p. 8, ll. 18 – 23). After payment has been made for the goods by the customer to the provider, the merchant may be notified so that it may initiate shipment of the goods directly to the customer (*id.*, p. 9, ll. 21 – 22). After notification that such shipment has been initiated, the provider may authorize payment to the merchant and accordingly transmit the payment using any of a variety of techniques (*id.*, p. 9, ll. 25 – 28).

The specific financial arrangements of this basic mechanism may vary in certain embodiments. For example, the provider may impose a service charge (*id.*, p. 8, ll. 27 – 29), the payment by the customer may be made in parts (*id.*, p. 9, ll. 16 – 20), the provider may determine currency-exchange amounts when the customer and merchant are located in different countries (*id.*, p. 10, ll. 10 – 13), and shipments may be aggregated (*id.*, p. 13, ll. 6 – 8) in different embodiments. The mechanics of the management may be handled by a suitably programmed provider computer having communications links with the plurality of provider offices and the Internet merchant (*id.*, p. 5, ll. 8 – 15).

a. Independent Claim 1

Independent Claim 1 recites a method for managing a noncredit transaction for a sale of goods between a customer and an Internet merchant, which includes a number of aspects of the arrangement described above. A provider computer (*id.*, Fig. 1A, 120) that is operated by a provider (*id.*, Fig. 1A, 118) affiliated with a plurality of geographically distributed provider offices (*id.*, Fig. 1A, 122-1, 122-2, 122-3, 122-4) receives a communication relating to the transaction that includes a cost for the goods (*id.*, p. 7, l. 32 – p. 8, l. 9; *see also id.*, p. 14, ll. 3 – 4). The communication is received from the Internet merchant (*id.*, Fig. 1A, 106-1, 106-2, or 106-3) over a communications link between the Internet merchant and the provider computer (*id.*, p. 5, ll. 8 – 19). The provider computer records confirmation of noncredit collection of the cost from the customer at the one of the plurality of provider offices (*id.*, p. 8, ll. 18 – 23; *see also id.*, p. 15, ll. 9 – 10). This confirmation is received over a communications link between the provider computer and an input device at one of the provider offices (*id.*, Fig. 1A; p. 5, ll. 8 – 19). Payment is authorized by the provider computer after receipt of confirmation that the Internet merchant has initiated shipment of the goods directly to the customer (*id.*, p. 9, ll. 21 – 28). This confirmation is received over the communications link between the Internet merchant and the provider computer (*id.*, Fig. 1A; p. 5, ll. 8 – 19).

b. Independent Claim 13

Independent Claim 13 is directed to a computer-readable storage medium having a computer-readable program that directs operation of a computer system for a provider (*id.*, p. 6, l. 28 – p. 7, l. 19; Fig. 2). The provider is affiliated with a plurality of geographically distributed offices (*id.*, Fig. 1A, 122-1, 122-2, 122-3, 122-4). The computer system includes a communications system (*id.*, Fig. 2, 228), a processor (*id.*, Fig. 2, 204), and a storage device (*id.*, Fig. 2, 216). The computer-readable program includes instructions for operating the computer system to manage a noncredit transaction for a sale of goods between a customer and an Internet merchant. A communication is received relating to the transaction and including a cost for the goods (*id.*, p. 7, l. 32 – p. 8, l. 9; *see also id.*, p. 15, ll. 7 – 8). The communication is received with the communications system over a communications link between the Internet merchant and

the computer system (*id.*, p. 5, ll. 8 – 19). Receipt of confirmation that the cost has been collected from a noncredit source of the customer at one of the plurality of provider offices is recorded on the storage device (*id.*, p. 8, ll. 18 – 23; *see also id.*, p. 15, ll. 9 –11). This confirmation is received over a communications link between the provider computer and an input device at one of the provider offices (*id.*, Fig. 1A; p. 5, ll. 8 – 19). Confirmation is received that the Internet merchant has initiated shipment of the goods directly to the customer (*id.*, p. 9, ll. 21 – 28). This confirmation is received over the communications link between the Internet merchant and the provider computer (*id.* Fig. 1A; p. 5, ll. 8 – 19). Payment of the cost to the Internet merchant is authorized with the processor (*id.*, p. 9, ll. 25 – 28).

c. Independent Claim 23

Independent Claim 23 is directed to a computer system. The computer system comprises a communications system (*id.*, Fig. 2, 228), a storage device (*id.*, Fig. 2, 216), a processor (*id.*, Fig. 2, 204), and a memory (*id.*, Fig. 2, 220b) coupled with the processor. The computer-readable storage medium has a computer-readable program for directing operation of the computer system for a provider (*id.*, p. 6, l. 28 – p. 7, l. 19; Fig. 2) to manage a noncredit transaction for a sale of goods between a customer and an Internet merchant. The provider is affiliated with a plurality of geographically distributed offices (*id.*, Fig. 1A, 122-1, 122-2, 122-3, 122-4). Instructions are provided to receive a communication relating to the transaction and including a cost for the goods (*id.*, p. 7, l. 32 – p. 8, l. 9; *see also id.*, p. 17, ll. 11 – 12). The communication is received with the communications system over a communications link between the Internet merchant and the computer system (*id.*, p. 5, ll. 8 – 19). Instructions are provided to record receipt of confirmation that the cost has been collected from a noncredit source of the customer at one of the plurality of provider offices on the storage device (*id.*, p. 8, ll. 18 – 23; *see also id.*, p. 15, ll. 9 –11). This confirmation is received over a communications link between the provider computer and an input device at one of the provider offices (*id.*, Fig. 1A; p. 5, ll. 8 – 19). Instructions are provided to receive confirmation that the Internet merchant has initiated shipment of the goods directly to the customer (*id.*, p. 9, ll. 21 – 28). This

confirmation is received over the communications link between the Internet merchant and the provider computer (*id.* Fig. 1A; p. 5, ll. 8 – 19). Instructions are provided to authorize payment of the cost to the Internet merchant with the processor (*id.*, p. 9, ll. 25 – 28).

6. Grounds of Rejection to be Reviewed on Appeal

Whether under 35 U.S.C. §103(a) Claims 1 – 5, 11 – 17, and 19 – 24 are unpatentable over U.S. Pat. Publ. No. 2002/0087461 ("Ganesan") in view of U.S. Pat. Publ. No. 2001/0037247 ("Haseltine"). Section 5 of the Final Office Action describes the Examiner's position on this issue.

7. Argument

All of the pending claims stand rejected as unpatentable over Ganesan in view of Haseltine. To support a rejection under 35 U.S.C. §103, the Examiner is charged with factually supporting a *prima facie* case of obviousness. Manual of Patent Examining Procedure, Eighth Edition, Second Revision, February, 2004 (hereinafter "MPEP") 2142. Such a *prima facie* case requires, *inter alia*, that all limitations of the claims be taught or suggested by the cited reference(s) and that there be some suggestion or motivation to combine or modify the reference teachings as the Examiner proposes. MPEP 2143. The rejections are deficient in at least both these respects.

First, at least the following claim limitation from independent Claim 1 is not taught or suggested by either of the cited references, nor are the corresponding limitations from the independent apparatus claims, Claims 13 and 23: "recording, by the provider computer over a communications link between the provider computer and an input device at one of the plurality of provider offices, confirmation of noncredit collection of the cost *from the customer at the one of the plurality of provider offices in accordance with the communication*" (emphasis added). In particular, neither Ganesan nor Haseltine teaches or suggests collection of a cost for a sale-of-

goods transaction at one of a plurality of geographically distributed provider offices. Indeed, both Ganesan and Haseltine teach away from such collection, a factor that strongly indicates that to modify either of those references in that way is *not* obvious.

Ganesan is directed generally to a technique for providing an escrow service with an intermediary "processing agent" to be used in conducting transactions over the Internet (or other network) (Ganesan, ¶40). A transaction for the sale of goods using such an intermediary processing agent is similar to a conventional Internet-based transaction except that the purchaser is given an opportunity to select use of an escrow arrangement, such as by selecting a hyperlink on the seller's web page (*id.*, ¶132). The escrow arrangement is coordinated by the intermediary processing agent. Notably, Ganesan teaches that payment by the purchaser is performed by providing the processing agent with payment instructions that include the payment amount and identification information previously established during an enrollment procedure (*id.*, ¶ 132). This payment information may be used by the processing agent to initiate debit and credit transactions for the purchaser and seller in accordance with the escrow conditions (*id.*, ¶ 133). In this way, Ganesan teaches specifically that payment for the transaction be made by the purchaser electronically, not at one of a plurality of geographically distributed provider offices as the claims require.

Haseltine similarly teaches against payment for a transaction by the customer at one of a plurality of geographically distributed provider offices. In the context of merchant transactions (described in Haseltine as transactions with "e-tailers"), Haseltine teaches that a mechanism be provided for the return of unsatisfactory merchandise after delivery (*see generally id.*, discussion of Fig. 1). For such e-tailer transactions, Haseltine teaches that "[p]ayment is customarily achieved by credit card" (*id.*, ¶ 27), and confirms that credit payments are also expected when its exchange-facility system is used between private parties (*id.*, ¶ 55). Nothing in Haseltine teaches or suggests collection of the cost of the transaction from the customer at one of the plurality of geographically distributed provider offices. While the Final Office Action notes that Haseltine discloses that the service provider may have a plurality of offices, the portion of Haseltine that is cited deals only with the mechanics involved in returning the goods after inspection by the customer (*id.*, ¶ 32). The "input device" noted in the Final Office Action

is used for swiping bar-coded packing lists and is not involved with recording collection of the cost of the transaction by the customer.

In response to an earlier presentation of this argument, the Office has responded that "the combination of Ganesan and Haseltine would teach the feature claimed" (Advisory Action, paper no. 15), apparently conceding that the feature is not taught independently in either Ganesan or Haseltine. The basis for this assertion is that Haseltine "teaches that services are provided with the arrangement having a provider computer and associated provider offices" and "teaches that services can be rendered via remotely located provider offices"; and that Ganesan teaches "that 'instruction to effect the electronic transaction' is received via network" (*id.*). But the Office Action provides no reasoning how these isolated facts together teach the specific claim limitation. Indeed, to combine these facts as suggested would require ignoring the fact that Haseltine is limited in what types of services it teaches be rendered at remotely located provider offices — Haseltine teaches only that those offices be used in collecting or returning *goods*, not in handling the financial exchange of transaction *costs* between other parties, an entirely different aspect of the transaction. It is improper to ignore the specific teachings in Haseltine *against* using those offices for collection of the transaction cost at those offices ("A prior art reference must be considered in its entirety, i.e. as a whole, including portions that would lead away from the claimed invention," MPEP 2141.02, *citing W.L. Gore & Associates, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), emphasis in original). As noted above, such teaching away from the limitation is provided in Haseltine with its specific teachings that credit payments be made, both in initiating e-tailer transactions and in private-party transactions. The mere fact that Ganesan teaches transaction instructions being received over a network in no way suggests a modification of how Haseltine distinguishes the functions of dealing with the goods and dealing with financial aspects of transactions.

Since neither of the cited references discloses the claim limitation, no *prima facie* case under §103 has been established.

Second, there is no motivation to combine Haseltine with Ganesan in the manner proposed in the Office Action. Such a motivation must be drawn from "the references

themselves or ... the knowledge generally available to one of ordinary skill in the art." MPEP 2143. The Court of Appeals for the Federal Circuit ("CAFC") has repeatedly emphasized the need to apply the requirement that there be such a motivation rigorously, cautioning that such rigor is "the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis." *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). "The need for specificity pervades this authority." *In re Lee*, 277 F.3d 1338, 1343, 61 USPQ2d 1430, 1433 (Fed Cir. 2002).

In this instance, the Final Office Action offers only the following motivation, which amounts merely to a statement of advantages of the combination claimed by Applicants:

> It would have been obvious to one of ordinary skill in the art at the time of the invention to link the provider computer (processing agent) link with a plurality of geographically distributed provider offices via a communication link and provide for recording of the confirmation of noncredit collection of the cost for the goods because this would allow the processing agent (escrow agent) to provide services to consumers without access to electronic payment and consumers located in diverse geographic locations.
> (Final Office Action, p. 4).

This conclusory statement points to nothing articulated in either of the references or anywhere else in the prior art as suggesting the combination, and actually suggests a change in the principle of operation of Ganesan, a factor that has long been recognized as evidence that the proposed modification is *not* obvious. MPEP 2143.01. As noted above, Ganesan teaches specifically that the purchaser make payment by providing the processing agent with instructions that include the payment amount and identification information previously established during an enrollment procedure (*id.*, ¶ 132). To modify Ganesan to provide a plurality of geographically distributed provider offices in lieu of the computer processor described in connection with Figs. 11A and 11B of Ganesan (*see id.*, ¶¶ 105 – 109) would greatly increase the cost of operating the intermediary processing agent and would render the extensively described registration process (*see id.*, ¶¶ 110 – 130) irrelevant. The Final Office Action fails to identify any objective teaching in the prior art or in knowledge generally available to one of ordinary skill in the art that provides

a motivation for such an extensive change in the principles under which processing agent of Ganesan operates.[1]

For this additional reason, no *prima facie* case under §103 has been established.

8. Conclusion

Appellant believes that the above discussion is fully responsive to all grounds of rejection set forth in the application. Please deduct the fees required under 37 C.F.R. §41.20(b)(2) from Deposit Account 20-1430 and any additional fees that may be due in association with the filing of this Brief.

Respectfully submitted,

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[1] In a response to the Final Office Action, Appellant challenged the parenthetical remark that "performing merchandise transactions and payments over a communication network linking a provider of services via a plurality of geographically distributed provider offices is old and well known." (Final Office Action, p. 3). For support, the Office Action cited an example of catalog ordering at retail outlets (*id.*, p. 3), but this example does not recognize the context of Ganesan, which is directed to the use of the Internet as an alternative mechanism for purchasing goods that intentionally avoids aspects of brick-and-motor transactions (*see* Ganesan, ¶ 9). To the extent this parenthetical remark was intended to rely on Official Notice to provide a motivation for modifying Ganesan in the manner proposed, Applicant traversed such Official Notice and requested a showing of documentary proof. No such documentary proof has been provided by the Office nor has the Office provided any explanation why the traversal was inadequate. MPEP 2144.03.

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CLAIMS APPENDIX

The claims pending in the application are as follows:

1. (Previously Presented) A method for managing a noncredit transaction for a sale of goods between a customer and an Internet merchant, the method comprising:

receiving, by a provider computer operated by a provider affiliated with a plurality of geographically distributed provider offices, from the Internet merchant over a communications link between the Internet merchant and the provider computer, a communication relating to the transaction that includes a cost for the goods;

recording, by the provider computer over a communications link between the provider computer and an input device at one of the plurality of provider offices, confirmation of noncredit collection of the cost from the customer at the one of the plurality of provider offices in accordance with the communication; and

authorizing payment, by the provider computer, of the cost to the Internet merchant from the provider after receipt over the communications link between the Internet merchant and the provider computer of confirmation that the Internet merchant has initiated shipment of the goods directly to the customer.

2. (Previously Presented) The method recited in claim 1 wherein recording confirmation of collection of the cost from the customer comprises recording confirmation of noncredit collection of an entirety of the cost plus a service charge before the merchant has initiated shipment of the goods.

3. (Previously Presented) The method recited in claim 1 wherein recording confirmation of collection of the cost from the customer comprises:

recording confirmation of collection of a portion of the cost plus a service charge before the merchant delivers the goods; and

recording confirmation of collection of a remainder of the cost plus the service change after the merchant has initiated shipment of the goods.

4. (Previously Presented) The method recited in claim 1 wherein the customer and the Internet merchant are located in different countries.

5. (Previously Presented) The method recited in claim 1 wherein the communications link between the Internet merchant and the provider computer comprises an internet communications link.

6. – 10. (Canceled).

11. (Previously Presented) The method recited in claim 1 further comprising providing, by the provider computer, a hyperlink to a web site of the Internet merchant.

12. (Previously Presented) The method recited in claim 1 further comprising determining, by the provider computer, a shipment of the goods as part of an aggregate shipment.

13. (Previously Presented) A computer-readable storage medium having a computer-readable program embodied therein for directing operation of a computer system for a provider, the provider being affiliated with a plurality of geographically distributed offices and the computer system including a communications system, a processor, and a storage device, wherein the computer-readable program includes instructions for operating the computer system to manage a noncredit transaction for a sale of goods between a customer and an Internet merchant in accordance with the following:

receiving a communication with the communications system over a communications link between the Internet merchant and the computer system, the communication relating to the transaction and including a cost for the goods;

recording on the storage device receipt of confirmation over a communications link between the computer system and an input device at one of the plurality of provider offices that the cost has been collected from a noncredit source of the customer at the one of the plurality of provider offices in accordance with the communication;

receiving confirmation over the communications link between the Internet merchant and the computer system that the Internet merchant has initiated shipment of the goods directly to the customer; and

authorizing payment of the cost to the Internet merchant by the provider with the processor.

14. (Previously Presented) The computer-readable storage medium recited in claim 13 wherein the communications link between the Internet merchant and the computer system comprises an internet connection and the communication is received over the internet.

15. (Original) The computer-readable storage medium recited in claim 13 wherein the computer-readable program further includes instructions for operating the computer system for providing a hyperlink to a web site of the merchant.

16. (Previously Presented) The computer-readable storage medium recited in claim 13 wherein recording on the storage device confirmation that the cost has been collected from the customer in accordance with the communication comprises:

indicating that a portion of the cost plus a service change has been collected from a noncredit source before the merchant has initiated shipment of the goods; and

indicating that a remainder of the cost plus a service charge has been collected from a noncredit source after the merchant has initiated shipment of the goods.

17. (Previously Presented) The computer-readable storage medium recited in claim 13 wherein recording on the storage device confirmation that the cost has been collected from the customer in accordance with the communication comprises indicating that an entirety of

the cost plus a service charge has been collected from a noncredit source before the merchant initiates shipment of the goods.

18. (Canceled).

19. (Original) The computer-readable storage medium recited in claim 13 wherein the computer-readable program further includes instructions for operating the computer system for calculating a service charge to be charged to the customer.

20. (Original) The computer-readable storage medium recited in claim 19 wherein the service charge includes shipping and insurance costs for delivering the goods.

21. (Original) The computer-readable storage medium recited in claim 13 wherein the computer-readable program further includes instruction for performing a currency exchange of the cost.

22. (Original) The computer-readable storage medium recited in claim 13 wherein the computer-readable program further includes instructions for operating the computer system for determining a shipment of the goods as part of an aggregate shipment.

23. (Previously Presented) A computer system comprising:

a communications system;

a storage device;

a processor in communication with the communications system and the storage device; and

a memory coupled with the processor, the memory comprising a computer-readable storage medium having a computer-readable program embodied therein for directing operation of the computer system for a provider affiliated with a plurality of geographically

distributed offices to manage a noncredit transaction for a sale of goods between a customer and an Internet merchant, the computer-readable program including:

instructions for receiving a communication with the communications system over a communications link between the Internet merchant and the computer system, the communication relating to the transaction and including a cost for the goods;

instructions for recording on the storage device receipt of confirmation over a communications link between the computer system and an input device at one of the plurality of provider offices that the cost has been collected from a noncredit source of the customer at the one of the plurality of provider offices in accordance with the communication;

instructions for receiving confirmation over the communications link between the Internet merchant and the computer system that the Internet merchant has initiated shipment of the goods directly to the customer; and

instructions for authorizing payment of the cost to the Internet merchant by the provider with the processor.

24. (Previously Presented) The computer system recited in claim 23 wherein the communications link between the Internet merchant and the computer system comprises an internet connection and the instructions for receiving the communication comprise instructions for receiving the communication from the internet.

EVIDENCE APPENDIX

Not included.

RELATED PROCEEDINGS APPENDIX

Not included.